



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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### **2 VAC 20-40 – Regulations Governing Licensing of Pesticide Businesses Operating Under Authority of the Virginia Pesticide Control Act**

**Virginia Department of Agriculture and Consumer Services**

March 1, 2004

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

### **Summary of the Proposed Regulation**

§3.1-249.30 of the Code of Virginia provides the Virginia Pesticide Control Board with the authority to promulgate regulations, including but not limited to, the licensing of businesses that manufacture, store, recommend for use, mix, or apply pesticides, reporting and record-keeping requirements related to licensing and registration, and revoking, suspending, or denying licenses to businesses, registration for products, and certification to commercial applicators or technicians.

The proposed regulation requires licensed pesticide businesses to keep records of restricted and general use pesticide applications. The proposed regulation also makes changes to the existing regulation in order to make it compatible with the 1993 amendments to the Pesticide Control Act. These changes include removing the provision allowing licensed pesticide businesses to use surety bonds and self-insurance when demonstrating financial responsibility

and not requiring that licensed pesticide businesses renew their license two months prior to expiration in order to avoid being assessed late fees.

The proposed regulation also updates references, adds clarifying language, removes redundant language, and includes changes that make the regulation consistent with the Code of Virginia and with current practice.

## **Estimated Economic Impact**

The proposed regulation requires licensed pesticide businesses to maintain records relating to pesticide applications of restricted use and general use pesticides. Under the existing regulation, businesses were only required to keep records of restricted use pesticide applications. The proposed change extends the recordkeeping requirement to general use pesticide applications.

According to the Virginia Department of Agriculture and Consumer Services (VDACS), there are approximately 2,179 licensed pesticide businesses. Of these, about 1,925 apply pesticides. VDACS estimates that approximately 16% (or 308) of these businesses do not currently maintain records relating to general use pesticide applications. Assuming that the hourly wage is \$10 and that each record takes one minute to create (assumptions made by VDACS), the cost of generating one record is \$0.17. Moreover, assuming an average of ten pesticide applications a day and 254 workdays a year, the proposed change will cost approximately \$132,994 a year or \$431 per year for each licensed pesticide business not currently complying with these requirements.

The proposed change is also likely to produce some economic benefits. By requiring licensed pesticide businesses to maintain records on general use pesticide applications, the proposed change will make it easier for the agency to investigate complaints relating to such applications. According to VDACS, there have been complaints regarding general use pesticide applications that the agency has been unable to investigate thoroughly. The additional recordkeeping requirement is intended to address the problem. By better ensuring that general use pesticides are applied in a manner that is not dangerous to public health or the environment, the proposed change is likely to produce economic benefits.

The net economic impact of the proposed change will depend on whether the additional cost to businesses not currently complying with the proposed recordkeeping requirement is greater than or less than the benefits of being able to ensure that general use pesticides are being applied in a manner that does not endanger public health or the environment. It will cost businesses approximately \$431 per year in order to comply with the requirement. A precise estimate of the benefits to public health and the environment from the proposed change is not available at this time.

The proposed regulation also makes changes to the existing regulation that make it compatible with the 1993 amendments to the Pesticide Control Act. These changes include removing the provision in the existing regulation allowing licensed pesticide businesses to use surety bonds and self-insurance to demonstrate financial responsibility and not requiring that licensed pesticide businesses renew their license two months prior to expiration in order to avoid being assessed late fees. These changes are not likely to produce a significant economic impact as they have been required under the Code of Virginia since 1993. The proposed changes simply make the regulation consistent with current practice.

The remaining changes include changes that update references, add clarifying language, remove redundant language, and that make the regulation consistent with the Code of Virginia and with current practice. These changes are intended to improve understanding and implementation of the regulation and to the extent that they do so, they are likely to produce some economic benefits.

## **Businesses and Entities Affected**

The proposed regulation will affect all licensed pesticide businesses that apply general use pesticides. These businesses will now be required to maintain records relating to their application of general use pesticides. VDACS estimates that it will cost such businesses an additional \$431 a year to meet the new recordkeeping requirements.

According to VDACS, there are approximately 2,179 licensed pesticide businesses, of which 1,925 apply pesticides. The proposed change is expected to impact approximately 16% (or 308) of licensed pesticide businesses that apply pesticides.

## **Localities Particularly Affected**

The proposed regulation applies to all localities in the Commonwealth. However, it is not likely to impose any additional costs on localities.

## **Projected Impact on Employment**

The proposed regulation is not likely to have a significant impact on employment.

## **Effects on the Use and Value of Private Property**

The proposed regulation requires all licensed pesticide businesses that apply pesticides to maintain records relating to applications of general use pesticides. For businesses not currently complying with this requirement, the proposed change is likely to impose additional costs, raising operating costs and lowering the asset value of these businesses.